

TESTIMONY OF DANA KAUFFMAN
Chairman of the Board

BEFORE THE HOUSE COMMITTEE ON GOVERNMENT REFORM

FEBRUARY 18, 2005

Good morning, Mr. Chairman and Members of the Committee. Thank you very much for inviting me to testify today. My name is Dana Kauffman. I am a Fairfax County, Virginia, Supervisor and the current Chairman of the Board of the Washington Metropolitan Area Transit Authority. I'm pleased to have the opportunity to answer your questions and tell you about some of the fundamental reforms and initiatives the WMATA Board is implementing to improve accountability at WMATA.

I will address your specific questions momentarily. First, I want to acknowledge some recent good news about Metro. Although WMATA's Board and senior staff have just come through a year of tough challenges, many of which are the subject of questions from the Committee, it's important to note that we added 10,000 new riders daily in December — a strong sign that we're doing something right. I was also heartened to see the major article in last Sunday's *Washington Post* reporting the results of recent commuter surveys that present more positive news about Metro. For example, of those who ride Metro, 88 percent rate our service "good" or "excellent" in terms of reliability, and 77 percent rate Metro

“good” or “excellent” in terms of value for the money. These are encouraging numbers, and we look forward to working to increase those ratings even further.

Now to your specific questions. You asked about the challenges posed by Metro’s reliance on multiple funding partners, including the federal government. This structure has indeed tested WMATA’s Board through the years. When Congress enacted the National Capital Transportation Act in 1960, authorizing Maryland, Virginia and the District of Columbia to negotiate an Interstate Compact, it recognized the necessity of continuing federal financial support, declaring that the “creation of certain major transportation facilities are beyond the financial capability of the local governments in this region.” WMATA is unique among Interstate Compact agencies in serving two states, the District of Columbia and the federal enclave.

The WMATA Compact specifies how the 12 members of our Board are appointed, how we are financed, how we procure goods and services and the jurisdiction of our police. As to whether the Compact should cover additional areas, no obvious substantive or geographic expansions are necessary at this time. Various amendments have refined and clarified Compact provisions as needed. For example, in 1997, a Compact amendment brought WMATA into conformity with federal procurement practices. In 1997, the Compact was expanded geographically to include Loudoun County, even though it does not contribute financially to WMATA because we do not yet provide service there. In

addition, WMATA occasionally goes beyond its jurisdictional boundaries through specific contract-for-service arrangements, as when we won competitively bid contracts to provide bus services in Prince William County, Virginia, and Montgomery County, Maryland.

The Board meets regularly, both as a full Board and in smaller Committees, to consider budget, policy, safety, operations, audit, planning and development matters. We work closely with Maryland, Virginia, and the District of Columbia — and also with two counties and three cities in Virginia, two counties and numerous municipalities in Maryland, and the federal government. The range of opinions, backgrounds, and experiences among these stakeholders sometimes makes consensus difficult. Moreover, since inception, the Board’s governance has included a “jurisdictional veto” — that is, the no proposal can pass without at least one supporting vote from each signatory.

You asked, “Does this represent the best governance structure?” Maybe not — like democracy, it isn’t perfect, but it is better than the alternatives. Given the substantial federal financial contributions to WMATA, perhaps there is a role for the federal government at the table. If that would help to forge a stronger partnership, the Board would be happy to discuss the idea.

You asked what steps the Metro Board has taken to improve oversight. The Board has an active Audit Committee that meets publicly each quarter. In the

second quarter of 2004, the Board received 42 internal audits from WMATA's Auditor General. Recently, we began to share these audit reports publicly to increase accountability. For example, an audit of cell phone use resulted in the return of nearly 200 cell phones, for a savings of \$27,000 per month. An audit of company vehicle use led to more stringent criteria that reduced by 63 percent the number of cars employees take home at night.

In addition, an Ernst and Young audit of WMATA's FY2000-2004 operating costs recommended several areas of improvement, which management has followed. We have also added resources to our annual outside audit contract to ensure that revenue handling is carefully scrutinized to prevent abuse.

The Board has authorized \$650,000 for a series of external reviews to help us improve bus and rail reliability and customer service. We will be using esteemed industry authorities to examine every aspect of our business in depth, from operations to professional services, human factors, customer service issues and the policies and procedures of the Metro Transit Police Department (MTPD).

Just yesterday I announced my intention, as Board Chair, to promote a new openness and accountability in the way Metro operates. Specifically, we will:

- establish a Riders Advisory Committee to give us formal feedback from customers — and we will listen to their feedback;
- take public comment at our Board meetings;

- continue holding Town Hall Meetings, as begun by my predecessor, Robert Smith of Maryland; and
- improve public access to our records and internal operations.

In what was perhaps Metro's greatest success during the past year, our Board signed the six-year, \$3.3 billion Metro Matters Funding Agreement last October. Reaching consensus in this complex region is never easy, but this milestone in inter-jurisdictional cooperation ended six months of intense negotiations to fund Metro's most urgent capital priorities. Our state and local stakeholders displayed courage and the will to face their funding responsibilities. Now it is time to renew the regional partnership that created Metro in the beginning.

It's essential to remember that the Metro Matters Agreement is contingent upon \$260 million in new discretionary federal funding, under the surface transportation reauthorization bill, to help pay for the rail cars that Metro needs to relieve overcrowding. This funding is an absolute priority that was identified even before the independent Metro Funding Panel studied Metro's long-term funding.

In the *Washington Post* poll I mentioned earlier, 58 percent of the region favors establishing a "new way" to fund Metro. This shows that residents value the availability of quality mass transit in the region. My Board colleagues and I believe it is now time for action on the Metro Funding Panel's recommendations. We want to make sure the region's policy makers don't just congratulate the

panel and go back to the status quo regarding Metro funding. We want to bring the region together to reach a new consensus, a new state-local-federal partnership, in a permanent, stable, predictable, dedicated funding source so that WMATA does not have to reel from one funding crisis to another.

We look forward to your counsel and support as we embark on that task. We also look to the federal government to be a full partner in this effort — just as it was 50 years ago when the Congress mandated the development of what today some call “America’s Subway.” Thank you for the opportunity to testify today.